Application Template for Health Insurance Flexibility and Accountability (HIFA) §1115 Demonstration Proposal

The State of Utah, Utah Department of Health proposes a section 1115 demonstration entitled Making Private Health Insurance Affordable, which will increase the number of individuals with health insurance coverage.

I. General Description of Program

The Making Private Health Insurance Affordable demonstration, which is scheduled to begin on July 1, 2009, will seek to provide health insurance coverage to 5,000 adults and 1,000 children of the State of Utah. Through this amendment and other future State efforts, the State seeks to reduce the rate of uninsured Utahns to five percent of the total population. Adults with incomes at or below 150 percent of the Federal poverty level (FPL) and children with family incomes at or below 200 percent FPL will be eligible for this demonstration. The increased coverage will be funded by state general fund, tobacco settlement funds, and federal funds.

This application is an amendment to the State's existing 1115 waiver, which was originally approved February 9, 2002. The waiver created the Primary Care Network (PCN), a limited benefit program for parents and adults without dependent children. On October 25, 2006, the State received approval to operate an employer-sponsored health insurance subsidy as a cost-effective way to increase access to comprehensive health care for low-income employees. This program, Utah's Premium Partnership for Health Insurance (UPP), has enrolled nearly 500 individuals since its inception.

UPP currently provides premium assistance up to $150 per month to parents and adults without dependant children with incomes up to 150 percent FPL. In conjunction with this amendment, the State will increase this amount to reflect medical inflation since the inception of the program. UPP also currently provides premium assistance up to $100 per month for children with family incomes up to 200 percent FPL. This amount will also be increased to reflect medical inflation. In addition, children on UPP can receive an additional $20 per month if they receive dental coverage through the employer-sponsored health insurance or they can receive dental coverage through the Children's Health Insurance Program (CHIP) dental plan. The State has used Title XXI funds to cover children but has not used those funds to subsidize adults.

Through this amendment, the State hopes to build upon the initial success of UPP by extending the subsidy to families and individuals who enroll in other types of private health insurance and by continuing to allow families to combine adult and children subsidies to purchase family coverage. This amendment will increase the number of families eligible for assistance by allowing families who don't have access to employer-sponsored health insurance to purchase products through the private health insurance market, possibly through a health insurance exchange. In addition, this amendment would allow individuals to use the subsidy to help pay for COBRA if they lose their job or to help pay their premiums in the State's high-risk pool if they are denied coverage in the individual market. In order to help

ensure that families do not drop their existing coverage in order to enroll in these programs, the State is also proposing to extend the "go bare" requirement for CHIP and UPP from three months to six months.

While this amendment will use public funds to help uninsured individuals obtain health coverage, it will not rely on an expansion of traditional public assistance programs. Instead, it will provide a subsidy to lower-income families in order to help them afford private market coverage, the cost of which may currently exceed the family's ability to pay. To emphasize the importance of private coverage, this amendment requests that children no longer be allowed to enroll in CHIP if there parents are enrolled in UPP. Instead, those children would need to enroll in UPP also.

Utah has had many discussions since 2007 regarding health system reform. In 2007, employers and community partners conducted large task force meetings and held public events around the state to raise public awareness and obtain input on reform. In 2007, the Governor's Office also created a team to analyze options and develop proposals. In 2008, the Legislature created a legislative task force to address health system reform.

This amendment does not contain an enrollment limit and is structured to allow the demonstration to grow based on available state funding while staying within cost neutrality limits. The State will manage enrollment in UPP in order to maintain spending within the approved parameters. In addition, if needed to satisfy waiver cost neutrality requirements, the State will tap one year of the increases to its Medicaid Disproportionate Share Hospital (DSH) payments that were authorized in the 2003 Medicare/Medicaid Modernization Act.

II. DEFINITIONS

Income: In the context of the HIFA demonstration, income limits for coverage expansions are expressed in terms of gross income, excluding sources of income that cannot be counted pursuant to other statutes (such as Agent Orange payments.)

Mandatory Populations: Refers to those eligibility groups that a State must cover in its Medicaid State Plan, as specified in Section 1902(a)(10) and described at 42 CFR Part 435, Subpart B. For example, States currently must cover children under age 6 and pregnant women up to 133 percent of poverty.

Optional Populations: Refers to eligibility groups that can be covered under a Medicaid or SCHIP State Plan, i.e., those that do not require a section 1115 demonstration to receive coverage and who have incomes above the mandatory population poverty levels. Groups are considered optional if they can be included in the State Plan, regardless of whether they are included. The Medicaid optional groups are described at 42 CFR Part 435, Subpart C. Examples include children covered in Medicaid above the mandatory levels, children covered under SCHIP, and parents covered under Medicaid. For purposes of the HIFA demonstrations, Section 1902(r)(2) and Section 1931 expansions constitute optional populations.

Expansion Populations: Refers to any individuals who cannot be covered in an eligibility group under Title XIX or Title XXI and who can only be covered under Medicaid or SCHIP through the section 1115 waiver authority. Examples include

childless non-disabled adults under Medicaid.

Private health insurance coverage: This term refers to both group health plan coverage and health insurance coverage as defined in section 2791 of the Public Health Service Act.

III. HIFA DEMONSTRATION STANDARD FEATURES

Please place a check mark beside each feature to acknowledge agreement with the standard features.

__√__ The HIFA demonstration will be subject to Special Terms and Conditions (STCs). The core set of STCs is included in the application package. Depending upon the design of its demonstration, additional STCs may apply.

__√__ Federal financial participation (FFP) will not be claimed for any existing State-funded program. If the State is seeking to expand participation or benefits in a State-funded program, a maintenance of effort requirement will apply.

__√__ Any eligibility expansion will be statewide, even if other features of the demonstration are being phased-in.

__√__ HIFA demonstrations will not result in changes to the rate for Federal matching payments for program expenditures. If individuals are enrolled in both Medicaid and SCHIP programs under a HIFA demonstration, the Medicaid match rate will apply to FFP for Medicaid eligibles, and the SCHIP enhanced match rate will apply to SCHIP eligibles.

__√__ Premium collections and other offsets will be used to reduce overall program expenditures before the State claims Federal match. Federal financial payments will not be provided for expenditures financed by collections in the form of pharmacy rebates, third party liability or premium and cost sharing contributions made by or on behalf of program participants.

__√__ The State has utilized a public process to allow beneficiaries and other interested stakeholders to comment on its proposed HIFA demonstration.

IV. STATE SPECIFIC ELEMENTS

A. Upper income limit

The upper income limit for the eligibility expansion under the demonstration is 150% FPL for adults and 200% FPL for children.

If the upper income limit is above 200 percent of the FPL, the State will demonstrate that focusing resources on populations below 200 percent of the FPL is unnecessary because the State already has high coverage rates in this income range, and covering individuals above 200 percent of the FPL under the demonstration will not induce individuals with private

health insurance coverage to drop their current coverage. (Please include a detailed description of your approach as Attachment A to the proposal.)

B. Eligibility

Please indicate with check marks which populations you are proposing to include in your HIFA demonstration.

Mandatory Populations (as specified in Title XIX.)

_____ Section 1931 Families

_____ Blind and Disabled

_____ Aged

_____ Poverty-related Children and Pregnant Women

Optional Populations (included in the existing Medicaid State Plan)

Categorical

_____ Children and pregnant women covered in Medicaid above the mandatory level

_____ Parents covered under Medicaid

_____ Children covered under SCHIP

_____ Parents covered under SCHIP

_____ Other (please specify)

Medically Needy

_____ TANF Related

_____ Blind and Disabled

_____ Aged

_√_ *Title XXI children (Separate SCHIP Program)*

The amendment will continue premium assistance for children up to 200 percent FPL. Children whose parents are enrolled in UPP will not be eligible for CHIP and instead will be enrolled in UPP.

_____ *Title XXI parents (Separate SCHIP Program)*

Additional Optional Populations (not included in the existing Medicaid or SCHIP State Plan.) If the demonstration includes optional populations not previously included in the State Plan, the optional eligibility expansion must be statewide in order for the State to include the cost of the expansion in determining the annual budget limit for the demonstration.)

Populations that can be covered under a Medicaid or SCHIP State Plan

_____ Children above the income level specified in the State Plan This category will include children from _____percent of the FPL through _____percent of the FPL.

_____ Pregnant women above the income level specified in the State Plan This category will include individuals from _____percent of the FPL through _____percent of the FPL.

__√__ Parents above the current level specified in the State Plan This category will include individuals from 0 percent of the FPL through 150 percent of the FPL.

This amendment will not change income levels for parents on the waiver.

Existing Expansion Populations

Populations that are not defined as an eligibility group under Title XIX or Title XXI, but are already receiving coverage in the State by virtue of an existing section 1115 demonstration.

__√__ Childless Adults (This category will include individuals from 0 percent of the FPL through 150 percent of the FPL.)

_____ Pregnant Women in SCHIP (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Other. Please specify:_____

_____

_____

(If additional space is needed, please include a detailed discussion as Attachment B to your proposal and specify the upper income limits.)

This amendment will not change income levels for adults without dependent children on the waiver.

New Expansion Populations

Populations that are not defined as an eligibility group under Title XIX or Title XXI, and will be covered only as a result of the new HIFA demonstration.

_____ Childless Adults (This category will include individuals from ___ percent of the FPL through ___percent of the FPL.)

[Group may not be included pending additional input.]

_____ Pregnant Women in SCHIP (This category will include individuals from _____percent of the FPL through _____percent of the FPL.)

_____ Other. Please specify**:**_____

_____

_____

(If additional space is needed, please include a detailed discussion as Attachment B to your proposal and specify the upper income limits.)

C. Enrollment/Expenditure Cap

__√__ No
_____ Yes

No enrollment limit will be placed on adults in the demonstration. UPP enrollees will not count towards the 1115 waiver's enrollment limit of 25,000 eligibles for PCN. UPP costs for adults (Title XIX funding) will be subject to the budget neutrality limit for the State's 1115 waiver. The State will hold open enrollment periods based on available state funding, taking into account this enrollment's impact on the 1115 waiver's budget neutrality. The State may hold open enrollment periods for parents while keeping enrollment closed for adults without dependent children in order to maintain budget neutrality.

No enrollment limit will be placed on CHIP children (Title XXI funding) in the demonstration. Based on available state funding, the State will open and close enrollment for UPP and/or CHIP in order to balance state appropriations and federal CHIP allotment availability.

(If Yes) Number of participants _____
or dollar limit of demonstration _____

(Express dollar limit in terms of total computable program costs.)

D. Phase-in

Please indicate below whether the demonstration will be implemented at once or phased in.

__√__ The HIFA demonstration will be implemented at once.

_____ The HIFA demonstration will be phased-in.

If applicable, please provide a brief description of the State's phase-in approach (including a timeline):_____
_____
_____

E. Benefit Package

Please use check marks to indicate which benefit packages you are proposing to provide to the various populations included in your HIFA demonstration.

1. Mandatory Populations

_____ The benefit package specified in the Medicaid State Plan as of the date of the HIFA application.

2. Optional populations included in the existing Medicaid State Plan

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State

_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
_____ A benefit package that is actuarially equivalent to one of those listed above
_____ Secretary approved coverage. (The proposed benefit package is described in Attachment D.)

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

3. SCHIP populations, if they are to be included in the HIFA demonstration

States with approved SCHIP plans may provide the benefit package specified in Medicaid State plan, or may choose another option specified in Title XXI. (If the State is proposing to change its existing SCHIP State Plan as part of implementing a HIFA demonstration, a corresponding plan amendment must be submitted.) SCHIP coverage will consist of:

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees.
__√__ A benefit package that is actuarially equivalent to one of those listed above

Children whose parents are on UPP will not be eligible for CHIP but instead must enroll in UPP. The benefits required for private insurance to be eligible for premium assistance are described in Attachments C and D.

_____ Secretary approved coverage. (The proposed benefit package is described in Attachment D.)

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

4. New optional populations to be covered as a result of the HIFA demonstration

_____ The same coverage provided under the State's approved Medicaid State plan.
_____ The benefit package for the health insurance plan this is offered by an HMO and has the largest commercial, non-Medicaid enrollment in the State
_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))
_____ A health benefits coverage plan that is offered and generally available to State employees
_____ A benefit package that is actuarially equivalent to one of those listed above
__√__ Secretary approved coverage. (The proposed benefit package is described in Attachment D.)

Uninsured parents will be eligible for premium assistance if they meet UPP's other eligibility

requirements. The benefits required for private insurance to be eligible for premium assistance are described in Attachments C and D.

Note: For Secretary approved coverage, benefit packages must include these basic services: inpatient and outpatient hospital services, physicians surgical and medical services, laboratory and x-ray services, well-baby and well-child care, including age appropriate immunizations.

5. Expansion Populations

States have flexibility in designing the benefit package, however, the benefit package must be comprehensive enough to be consistent with the goal of increasing the number of insured persons in the State. The benefit package for this population must include a basic primary care package, which means health care services customarily furnished by or through a general practitioner, family physician, internal medicine physician, obstetrician/gynecologist, or pediatrician. With this definition states have flexibility to tailor the individual definition to adapt to the demonstration intervention and may establish limits on the types of providers and the types of services. Please check the services to be included.

_____ Inpatient

_____ Outpatient

_____ Physician's Surgical and Medical Services

_____ Laboratory and X-ray Services

_____ Pharmacy

__√__ Other (please specify) Please include a detailed description of any Secretary approved coverage or flexible expansion benefit package as Attachment C to your proposal. Please include a discussion of whether different benefit packages will be available to different expansion populations.

Uninsured adults without dependent children will be eligible for premium assistance if they meet UPP's other eligibility requirements. The benefits required for private insurance to be eligible for premium assistance are described in Attachments C and D.

F. Coverage Vehicle

Please check the coverage vehicle(s) for all applicable eligibility categories in the chart below (check multiple boxes if more than one coverage vehicle will be used within a category):

Eligibility Category	Fee-For-Service	Medicaid or SCHIP Managed Care	Private health insurance coverage	Group health plan coverage	Other (specify)
Mandatory					
Optional – Existing					
Optional – Expansion					

Title XXI – Medicaid Expansion					
Title XXI – Separate SCHIP			√	√	
Existing section 1115 expansion			√	√	
New HIFA Expansion					

Please include a detailed description of any private health insurance coverage options as Attachment D to your proposal.

G. Private health insurance coverage options

Coordination with private health insurance coverage is an important feature of a HIFA demonstration. One way to achieve this goal is by providing premium assistance or "buying into" employer-sponsored insurance policies. Description of additional activities may be provided in Attachment D to the State's application for a HIFA demonstration. If the State is employing premium assistance, please use the section below to provide details.

__√__ As part of the demonstration the State will be providing premium assistance for private health insurance coverage under the demonstration. Provide the information below for the relevant demonstration population(s):

The State elects to provide the following coverage in its premium assistance program: (Check all applicable, and describe benefits and wraparound arrangements, if applicable, in Attachment D to the proposal if necessary. If the State is offering different arrangements to different populations, please explain in Attachment D.)

_____ The same coverage provided under the State's approved Medicaid plan.

_____ The same coverage provided under the State's approved SCHIP plan.

_____ The benefit package for the health insurance plan that is offered by an HMO, and has the largest commercial, non-Medicaid enrollment in the State.

_____ The standard Blue Cross/Blue Shield preferred provider option service benefit plan that is described in, and offered to Federal employees under 5 U.S.C. 8903(1). (Federal Employees Health Benefit Plan (FEHBP))

_____ A health benefits coverage plan that is offered and generally available to State employees.

_____ A benefit package that is actuarially equivalent to one of those listed above (please specify).

_____ Secretary-Approved coverage.

__√__ Other coverage defined by the State. (A copy of the benefits description must be included in Attachment D.)

__√__ The State assures that it will monitor aggregate costs for enrollees in the premium assistance program for private health insurance coverage to ensure that costs are not significantly higher than costs would be for coverage in the direct coverage program. (A description of the Monitoring Plan will be included in Attachment D.)

__√__ The State assures that it will monitor changes in employer contribution levels or the degree of substitution of coverage and be prepared to make modifications in its premium assistance program. (Description will be included as part of the Monitoring Plan.)

H. Cost Sharing

Please check the cost sharing rules for all applicable eligibility categories in the chart below:

Adults and children who choose premium assistance through the demonstration will have cost sharing requirements as set by their health insurance, as explained in Attachment E. The state will not require a premium contribution from individuals or families if the cost of the individual's share of the premium is less than the maximum amount of the premium subsidy.

Eligibility Category	Nominal Amounts Per Regulation	Up to 5 Percent of Family Income	State Defined
Mandatory		[redacted]	[redacted]
Optional – Existing (Children)			[redacted]
Optional – Existing (Adults)			
Optional – Expansion (Children)			[redacted]
Optional _ Expansion (Adults)			
Title XXI – Medicaid Expansion			[redacted]
Title XXI – Separate SCHIP			[redacted]
Existing section 1115 Expansion			
New HIFA Expansion			

Cost-sharing for children

Only those cost-sharing amounts that can be attributed directly to the child (i.e. co-payments for the child's physician visits or prescription drugs) must be counted against the cap of up to five percent of family income. Cost-sharing amounts that are assessed to a family group that includes adults, such as family premiums, do not need to be counted as 'child cost-sharing' for the purposes of the up to five percent cost-sharing limit. A premium covering only the children in a family must be counted against the cap.

Below, please provide a brief description of the methodology that will be used to monitor child-only cost-sharing expenses when the child is covered as part of the entire family and how those expenses will be limited to up to five percent of the family's income.

Any State defined cost sharing must be described in Attachment E. In addition, if cost sharing limits will differ for participants in a premium assistance program or other private health insurance coverage option, the limits must be specified in detail in Attachment E to your proposal.

V. Accountability and Monitoring

Please provide information on the following areas:

1. Insurance Coverage

The rate of uninsurance in your State as of 2006 for individuals below 200 percent of poverty and any other groups that will be covered under the demonstration project.

Children (age 0-18) under 200% FPL – 21.0%
Adults (age 19-64) under 150% FPL – 40.2%

The coverage rates in your State for the insurance categories for individuals below 200 percent of poverty and any other groups that will be covered under the demonstration project:

Of All Insured Persons, the Percentage of Persons With Each Type of Health Insurance

For all insured children under 200% FPL:
SCHIP – 13.1%

For all insured individuals under 200% FPL:
Current or Former Employer or Union – 63.7%
Purchased Directly From an Insurance Company – 10.6%
Through Someone Not Living in Household – 3.6%
Medicaid – 18.8%
Medicare – 11.6%
SCHIP – 4.9%
Other Government Plan (Including Military, Tricare, VA) – 4.5%

Note: Because individuals could have more than one plan, figures do not sum to 100%.

Indicate the data source used to collect the insurance information presented above (the State may use different data sources for different categories of coverage, as appropriate):

_____ The Current Population Survey

_____ Other National Survey (please specify_____)

__√__ State Survey (please specify – Health Status Survey)

_____ Administrative records (please specify_____)

_____ Other (please specify_____)

Adjustments were made to the Current Population Survey or another national survey.

_____ Yes _____ No If yes, a description of the adjustments must be included in Attachment F.

A State survey was used.

__√__ Yes _____ No

If yes, provide further details regarding the sample size of the survey and other important design features in Attachment F.

The Utah Health Status Survey is designed, analyzed, and reported by the Utah Department of Health, Center for Health Data. The survey sample was designed to be representative of Utahns, and is perhaps best described as a weighted probability sample consisting of 6,056 households disproportionately stratified by 12 local health districts that cover the entire state.

The Utah Department of Health Survey Center located in Salt Lake City conducted the telephone interview using computer-assisted random digit dialing techniques. In each household, one adult (aged 18 or older) was randomly selected to respond to survey questions about themselves, about the household as a unit, and with regard to each household member. The survey results were weighted to reflect the age, sex, geographic distribution, and Hispanic/Latino ethnicity of the population. Interviews were conducted over a 22-month period from March 2003 to December 2004.

If a State survey is used, it must continue to be administered through the life of the demonstration so that the State will be able to evaluate the impact of the demonstration on coverage using comparable data.

2. State Coverage Goals and State Progress Reports

The goal of the HIFA demonstration is to reduce the uninsured rate. For example, if a State was providing Medicaid coverage to families, a coverage goal could be that the State expects the uninsured rate for families to decrease by 5 percent. Please specify the State's goal for reducing the uninsured rate:

Utah seeks to reduce the number of uninsured in the State to 5 percent. As part of a larger health system reform, this waiver will reduce the number of uninsured adults by approximately 5,000, and the number of uninsured children by 1,000. Although there is no enrollment limit for adults or children, the program will close enrollment when available state funds are exhausted. The State will hold open enrollment periods based on available state funding, taking into account this enrollment's impact on the 1115 waiver's budget neutrality. The State may hold open enrollment periods for parents while keeping enrollment closed for adults without dependent children in order to maintain budget neutrality. No enrollment limit will be placed on CHIP children in the demonstration. Based on available state funding, the State will open and close enrollment for UPP and/or CHIP in order to balance state

appropriations and federal CHIP allotment availability.

Attachment F must include the State's Plan to track changes in the uninsured rate and trends in sources of insurance as listed above. States should monitor whether there are unintended consequences of the demonstration such as high levels of substitution of private coverage and major decreases in employer contribution levels. (See the attached Special Terms and Conditions.)

__√__ Annual progress reports will be submitted to CMS six months after the end of each demonstration year which provide the information described in this plan for monitoring the uninsured rate and trends in sources of insurance coverage.

States are encouraged to develop performance measures related to issues such as access to care, quality of services provided, preventative care, and enrollee satisfaction. The performance plan must be provided in Attachment F.

VI. PROGRAM COSTS

A requirement of HIFA demonstrations is that they not result in an increase in federal costs compared to costs in the absence of the demonstration. Please submit expenditure data as Attachment G to your proposal. For your convenience, a sample worksheet for submission of base year data is included as part of the application packet.

The base year will be trended forward according to one of the growth rates specified below. Please designate the preferred option:

_____ Medical Care Consumer Price Index, published by the Bureau of Labor Statistics. (Available at http://stats.bls.gov.) The Medical Care Consumer Price Index will only be offered to States proposing statewide demonstrations under the HIFA initiative. If the State chooses this option, it will not need to submit detailed historical data.

__√__ Medicaid-specific growth rate. States choosing this option should submit five years of historical data for the eligibility groups included in the demonstration proposal for assessment by CMS staff, with quantified explanations of trend anomalies. A sample worksheet for submission of this information is included with this application package. The policy for trend rates in HIFA demonstrations is that trend rates are the lower of State specific history or the President's Budget Medicaid baseline for the eligibility groups covered by a State's proposal. This option will lengthen the review time for a State's HIFA proposal because of the data generation and assessment required to establish a State specific trend factor.

The State estimates the cost of this program will be $900,000,000 over its 5 year approval period.

VII. WAIVERS AND EXPENDITURE AUTHORITY REQUESTED

A. Waivers

The following waivers are requested pursuant to the authority of section 1115(a)(1) of the Social Security Act (Please check all applicable):

Title XIX:

_____Statewideness 1902(a)(1)

To enable the State to phase in the operation of the demonstration.

__√__ Amount, Duration, and Scope 1902(a)(10)(B)

To permit the provision of different benefit packages to different populations in the demonstration. Benefits (i.e., amount, duration and scope) may vary by individual based on eligibility category.

_____ Freedom of Choice 1902(a)(23)

To enable the State to restrict the choice of provider.

Title XXI:

__√__ Benefit Package Requirements 2103

To permit the State to offer a benefit package that does not meet the requirements of section 2103.

__√__ Cost Sharing Requirements 2103(e)

To permit the State to impose cost sharing in excess of statutory limits.

B. Expenditure Authority

Expenditure authority is requested under Section 1115(a)(2) of the Social Security Act to allow the following expenditures (which are not otherwise included as expenditures under Section 1903 or Section 2105) to be regarded as expenditures under the State's Title XIX or Title XXI plan.

Note: Checking the appropriate box(es) will allow the State to claim Federal Financial Participation for expenditures that otherwise would not be eligible for Federal match.

__√__ Expenditures to provide services to populations not otherwise eligible to be covered under the Medicaid State Plan.

__√__ Expenditures related to providing 12 months of guaranteed eligibility to demonstration participants.

_____ Expenditures related to coverage of individuals for whom cost-sharing rules not otherwise allowable in the Medicaid program apply.

Title XXI:

__√__ Expenditures to provide services to populations not otherwise eligible under a State child health plan.

_____ Expenditures that would not be payable because of the operation of the limitations at 2105(c)(2) because they are not for targeted low-income children.

If additional waivers or expenditure authority are desired, please include a detailed request and justification as Attachment H to the proposal.

VIII. ATTACHMENTS

Place check marks beside the attachments you are including with your application.

_____ Attachment A: Discussion of how the State will ensure that covering individuals above 200 percent of poverty under the waiver will not induce individuals with private health insurance coverage to drop their current coverage.

__√__ Attachment B: Detailed description of expansion populations included in the demonstration.

__√__ Attachment C: Benefit package description.

__√__ Attachment D: Detailed description of private health insurance coverage options, including premium assistance if applicable.

__√__ Attachment E: Detailed discussion of cost sharing limits.

__√__ Attachment F: Additional detail regarding measuring progress toward reducing the rate of uninsurance.

__√__ Attachment G: Budget worksheets.

__√__ Attachment H: Additional waivers or expenditure authority request and justification.

IX. SIGNATURE

June 30, 2008 — Date

Michael Hales — Name of Authorizing State Official (Typed)

Signature of Authorizing State Official

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0848. The time required to complete this information collection is estimated to average 10 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, N2-14-26, Baltimore, Maryland 21244-1850.

Attachment B

Eligibility Criteria

Utah's 1115 Waiver currently covers adults 19 to 64 with family income up to and including 150 percent FPL. These adults include an optional population (parents) and an expansion population (adults without dependent children). These families currently have the option of receiving coverage through the Primary Care Network (PCN) or through the State's current employer-sponsored insurance option, Utah's Premium Partnership for Health Insurance (UPP). In addition, the waiver currently provides an option for children up 200 percent FPL to enroll in UPP.

This amendment would allow families to also receive a subsidy when they purchase individual coverage, possibly through a health insurance exchange. In addition, this amendment would allow individuals to use the subsidy to help pay for COBRA if they lose their job or to help pay their premiums in the State's high-risk pool if they are denied coverage in the individual market. Current PCN clients who meet the amendment's health insurance requirements would be eligible for UPP and would have to apply to enroll.

To be eligible for UPP under the amendment, individuals must:

- Be age 0 through 64
- Not have health insurance
- Not have voluntarily terminated health insurance within the last six months
- Be able to enroll in a qualified plan
- The cost of their health insurance is greater than 5% of their countable household income
- Be a U.S. citizen or legal resident
- Be a Utah resident
- Fit within the income guidelines
- Not qualify for Medicaid
- Not have access to Medicare or Veterans benefits or be a full-time student at a college that offers student health insurance

Attachment C

Benefit Package

Individuals who are enrolled in UPP through this amendment will receive premium assistance for health insurance. A qualified individual could enroll in health insurance through an employer-sponsored plan, through an individual policy if no plan were available through work, through COBRA if they have lost their employment, or through the State's high-risk pool (HIPUtah). The health insurance would have to be creditable coverage as defined by the State and would not include limited coverage plans as defined in state rule and/or policy.

If a qualified individual enrolls in employer-sponsored insurance or COBRA, the State will provide a subsidy based on the cost of the premium with a maximum payment up to $150 per person per month.

If a qualified individual enrolls in an individual policy or HIPUtah, the State will provide a subsidy based on the cost of the premium and the age of the client. Because these policies often include a pricing component for age, the State's subsidy will also be adjusted for age. The State has tiered this scale based on uninsured data for Utah and seeks to maintain an average payment of $150 per person per month across all these policies (see Attachment D for further details).

Utah will continue to offer dental benefits to children up to 200 percent (FPL) through two paths for UPP. If the health insurance offers dental benefits, the child's premium assistance will be approximately equivalent to the per child per month cost under the Title XXI State plan including dental costs, currently $120 per member per month. If dental benefits are not offered by the health insurance, the State will offer wrap-around dental coverage to those children. The amount of premium assistance will be approximately equivalent to the per child per month medical cost under the Title XXI State plan (excluding dental costs), currently $100 per member per month.

Private Health Insurance Coverage

Under this amendment, the State seeks to expand premium assistance by helping families to purchase individual policies when they don't have a plan available at work. Utah will not require cost sharing limits; the cost sharing will be set by the enrollees' coverage. As explained in Attachment C, the only wrap around coverage that will be provided through the demonstration will be dental services for children under 200 percent FPL.

How the Subsidy Works:

Information Gathered with the Application – Individuals and families with access to health insurance will complete an application. State eligibility staff will review applications and renewals. Adults and children who apply will be screened for Medicaid. Those deemed eligible for Medicaid will not be eligible for this demonstration.

If an individual is insured and voluntarily terminates health insurance coverage, he or she will not be eligible to enroll in UPP for six months. The State will implement limited exceptions to this rule (e.g., loss of employment) through rule and/or policy.

The State may close enrollment in UPP to new individuals based on availability of funds. Enrollment may be open at certain times to parents and not to adults without dependent children. The department will not accept applications or maintain a waiting list when enrollment is closed. Once additional funding is available, the State will notify the public that applications are being accepted.

Part of the application will require verification of premium amounts. The State will obtain regular documentation that the individual or family continue their enrollment in the health insurance. Procedures for this documentation will be defined in state rule and policy. Appropriate documentation must be provided in order for the individual or family to continue their twelve months of premium assistance. Income redetermination will occur on an annual basis when the individual or family renews their enrollment in UPP. Clients will be required to immediately notify the department if their health insurance is terminated at any time. Any payments for months without coverage will be recovered through the State's overpayment process.

If an eligible person has qualifying coverage, the premium amount allocated to each eligible person is reimbursed to the participant monthly. For families with access to insurance at work or through COBRA, the subsidy under UPP will not change from the current program - $150 per adult per month. For families without access to insurance at work, the subsidy will vary based on the age of the client but will average $150 per month across all enrolled adults. The demonstration will not reimburse the clients more than their share of the premium (i.e., if the client's share is $100 per month, the reimbursement will be limited to $100 per month).

Employer-Sponsored/COBRA Example

Family Member	Premium Subsidy	Payment Source
Father	$150	XIX
Mother	$150	XIX

Child #1	$120	XXI
Child #2	$120	XXI
Child #3	$120	XXI
Total	**$660**	

Adults that purchase individual policies will be reimbursed at differing rates depending on their age. Children in families that obtain individual policies will be reimbursed in the same manner that they have been for the employer-sponsored coverage. Based on actuarial analysis, the State estimates the following costs and potential subsidies based on age for individual policies.

Individual Policy Rates

Age	Estimated Costs of State's Basic Plan	Estimated Subsidy to Maintain $150/Person Avg.
<25	$174.43	$94
25-29	$235.29	$127
30-34	$262.92	$142
35-39	$277.30	$150
40-44	$307.54	$166
45-49	$372.27	$201
50-54	$478.35	$259
55-59	$605.90	$328
60-64	$751.83	$407

Individual Policy/HIPUtah Example

Family Member	Premium Subsidy	Payment Source
Father – Age 52	$259	XIX
Mother – Age 44	$166	XIX
Child – Age 12	$120	XXI
Total	**$545**	

A $150 per adult per month subsidy does not exceed the market for premium costs. National statistics for 2005 show that average annual premiums for all covered workers were $4,024, or $335 per month. A May 2006 report by Economists Incorporated on 2002 and 2003 data showed that Utah's premium costs were comparable to national costs (on average within 5 percent). With national average annual inflation from 2000 to 2005 reaching 11.6%, the State estimates that the national average annual premium for 2007 would be $5,013, or $418 per month. Given the results of the May 2006 report, Utah would likely be experiencing similar premium costs.

The amount of reimbursement for children will be up to $100 per month for medical and an additional $20 per month for dental (which is approximately equivalent to the per child per month direct coverage cost under the Title XXI State plan). The maximum subsidy payment will be set to ensure that it does not exceed the amount of the participant's share of the premium. The State may inflate the maximum amounts based on cost neutrality inflation for adults or actual cost increases for children on direct coverage SCHIP.

Program Monitoring:

A. Monitoring Aggregate Costs for Enrollees in the Premium Assistance Program

The State will monitor the costs for the coverage for adults on UPP versus the cost of non-disabled, non-pregnant adults on Medicaid. On a quarterly basis, the state will provide enrollment and expenditures per adult on UPP. On an annual basis, the State will compare its average monthly premium assistance contribution per enrollee to the cost per member per month of the current eligible Medicaid adults. The State will also compare on an annual basis the children's cost on the demonstration versus the cost on direct coverage CHIP.

The State will use recipient aid codes and data warehouse queries to identify enrollment in UPP. Premium subsidy payments will be tracked by the department's payment systems. This identification will allow the State to appropriately claim Title XIX for adults and Title XXI for children. It will also facilitate appropriate reporting in the CMS 64.9 and CMS 21 reports.

B. Monitoring Changes in Employer Contribution Levels

In order to determine the employer's contribution to employer-sponsored coverage, the application and the annual renewal form will request the amount of employer contribution for employees covered under UPP. This data will allow the State to determine the amount of the employer's contribution at application and renewal and allow the State to monitor the level of the employer's contribution over time.

The State recognizes that some employers who offer coverage today may reduce their percentage contribution rates. However, many of these employers may ultimately contribute more total dollars if enough employees who had previously gone without coverage now enroll in coverage. Aggregate employer contributions will also rise as employers who do not offer coverage today begin to do so.

The State will monitor the aggregate level of contributions made by participating employers to UPP enrolled individuals. The State will prepare an aggregate analysis across all participating employers summarizing the total statewide employer contribution to enrolled UPP clients. By monitoring employer contributions on an aggregate basis, the State will have a picture of the overall impact of the demonstration.

Attachment E

Detailed discussion of cost sharing limits

Adults and children who choose premium assistance through UPP will have cost sharing requirements (including the out of pocket maximum) as set by their health insurance. Premiums in excess of the subsidy amount will be the responsibility of the participant. The maximum subsidy payment will be set to ensure that it does not exceed the amount of the participant's share of the premium. Co-payments and co-insurance requirements as set by the health insurance will be the responsibility of the participant. Any other cost-sharing limits will be defined in state rule and policy.

See Attachment H for the State cost sharing explanation.

Attachment F

Additional detail regarding measuring progress toward reducing the rate of uninsurance

This amendment seeks to reduce the number of uninsured adults by 5,000 and the number of uninsured children by 1,000. Based on the number of individuals covered through this amendment and those to be covered by other elements of the State's efforts to reduce the number of uninsured, the State seeks to reduce its rate of uninsured to 5 percent as determined by the State's Health State Survey.

The amendment does not expand CHIP or Medicaid eligibility. However, through awareness and outreach efforts of UPP, families may find out about their eligibility for these programs and enroll in them. These efforts will help the State reduce the number of children under 200 percent FPL who are uninsured.

The amendment will reduce the number of uninsured when families purchase family or dependent coverage for individuals not currently covered. Additional uninsured children not currently eligible for public health insurance may be covered because of the family's choice to enroll in family coverage based on the premium assistance they receive through UPP. The demonstration will also provide families with more options for obtaining health care and help them become accustomed to the standards and processes of private coverage. In addition, by allowing parents and children to be enrolled in the same health insurance plan, UPP will help families coordinate their health care. Finally, the demonstration will be another way to reach families who are uninsured but might not currently participate in CHIP.

The Utah Health Status Survey will be used to track statewide-uninsured figures. The survey was used to provide initial figures on insurance status in Utah. The survey is designed, analyzed, and reported by the Utah Department of Health, Center for Health Data. The survey sample was designed to be representative of Utahns, and is perhaps best described as a weighted probability sample consisting of 6,056 households disproportionately stratified by 12 local health districts that cover the entire state.

The Utah Department of Health Survey Center located in Salt Lake City conducted the telephone interview using computer-assisted random digit dialing techniques. In each household, one adult (aged 18 or older) was randomly selected to respond to survey questions about themselves, about the household as a unit, and with regard to each household member. The survey results were weighted to reflect the age, sex, geographic distribution, and Hispanic/Latino ethnicity of the population. Interviews were conducted over a 22-month period from March 2003 to December 2004.

Attachment H

Additional Waivers

The State is requesting to impose cost sharing in excess of statutory limits. This will allow families of CHIP children to receive coverage for the children through private health insurance, which may require cost sharing in excess of the CHIP limits.

Exceptions to the 6 month ineligibility period for having previous coverage are:

1) Involuntary termination of COBRA (end of time limit)
2) Voluntary termination of coverage by a non-custodial parent
3) Involuntary termination from a group health plan
4) An applicant who purchased health insurance after the previous UPP open enrollment period ended but before the beginning of the current open enrollment period and who met UPP eligibility requirements at the time of purchase
5) Loss of employment
6) Death of the primary insured when this causes other family members to also lose coverage